

## Amended Statement Cover

June 2, 2004

Ms. Jill Anne Huisken  
Senior Financial Analyst  
Office of Financial and Insurance Services  
P.O. Box 30220  
Lansing, MI 48909-7720

Dear Jill:

This letter as well as the revised 2003 annual statement pages is our response to your email dated May 20, 2004. The responses are in the order of the comments on your email.

1. You should have received signed Jurat pages for the 2003 annual statement amendments.
2. It has been noted to only send revised pages in the future, including on the attached amendment.
3. The FIS forms have new signatures and are attached.
4. The Supplemental Compensation Exhibit has been changed and attached.
5. You should have received the revised FIS 320. In addition, see the revised RBC calculation (only revised pages are attached) based on changes from this form and changes based on responses to the questions from this email. Note that the impact on RBC is insignificant.
6. Underwriting & Investment Exhibit - Part 3 - We have revised this to include management fees in subset (a) on the bottom of the page.
7. We have noted for future filings that line 3 of the Five Year Historical Data page should be the minimum surplus required for the company and not total capital and surplus.
8. General Interrogatory Part 2, 11.4 has been changed to the current RBC requirement (200% RBC per our discussion today). In addition, G.I. Part 2, 11.6 has been revised to refer to the RBC calculation.
9. We have corrected item 4. of the reporting errors section of your April 8, 2004 letter. Therefore, on the Exhibit of Premiums, Enrollment and Utilization column 1, line 17 now ties to the U&I Exhibit - Part 2, column 1, line 1.1. It also ties to Exhibit 8 - column 1, line 13. We did not change item 5. of the reporting errors section of your April 8, 2004 letter as we believe the statement as currently reported correctly reflects what the 2003 annual statements state.

Please call me with any questions at 313.871.7879

Sincerely,

Brian J. Efrusy

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

TOTAL HEALTH CARE, INC.

NAIC Group Code

1238

(Current Period)

,

1238

(Prior Period)

NAIC Company Code

95644

Employer's ID Number

38-2018957

Organized under the Laws of

Michigan

,

State of Domicile or Port of Entry

Michigan

Country of Domicile

United States of America

Licensed as business type:

Life, Accident & Health[ ]

Dental Service Corporation[ ]

Other[ ]

Property/Casualty[ ]

Vision Service Corporation[ ]

Is HMO Federally Qualified? Yes[X] No[ ]

Hospital, Medical & Dental Service or Indemnity[ ]

Health Maintenance Organization[X]

Date Incorporated or Organized

07/01/1973

Date Commenced Business

05/01/1976

Statutory Home Office

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

,

DETROIT, MI 48202

(City, or Town, State and Zip Code)

Main Administrative Office

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

DETROIT, MI 48202

(City or Town, State and Zip Code)

(313)871-2000

(Area Code) (Telephone Number)

Mail Address

3011 W. GRAND BLVD. SUITE 1600

(Street and Number or P.O. Box)

,

DETROIT, MI 48202

(City, or Town, State and Zip Code)

Primary Location of Books and Records

3011 W. GRAND BLVD. SUITE 1600

(Street and Number)

DETROIT, MI 48202

(City, or Town, State and Zip Code)

(313)871-2000

(Area Code) (Telephone Number)

Internet Website Address

TOTALHEALTHCAREONLINE.COM

Statutory Statement Contact

BRIAN EFRUSY, CFO

(Name)

BEFRUSY@THC-ONLINE.COM

(E-Mail Address)

(313)871-7879

(Area Code)(Telephone Number)(Extension)

(313)871-7406

(Fax Number)

Policyowner Relations Contact

3011 W. GRAND BLVD., STE. 1600

(Street and Number)

DETROIT, MI 48202

(City, or Town, State and Zip Code)

(313)871-2000

(Area Code) (Telephone Number)(Extension)

OFFICERS

EXECUTIVE DIRECTOR

LYLE EDWARD ALGATE

SECRETARY

GERTRUDE HELEN MINKIEWICZ

TREASURER

MARY JANE CLAY

MEDICAL DIRECTOR

ROBYN JAMES ARRINGTON JR.,M.D.

CO-TREASURER

JEANETTE ABBOTT

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

FRANCES LYNCH

DOUGLAS PAUL BAKER

KATHLEEN THERESA KATHER

ELEANOR BETTS

RUBY OCTAVIA COLE

State of

Michigan

County of

WAYNE

ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)

LYLE EDWARD ALGATE

(Printed Name)

EXECUTIVE DIRECTOR

(Signature)

GERTRUDE HELEN MINKIEWICZ

(Printed Name)

SECRETARY

(Signature)

MARY JANE CLAY

(Printed Name)

TREASURER

a. Is this an original filing?

Yes[ ] No[X]

b. If no,

1. State the amendment number

3

2. Date filed

06/02/2004

3. Number of pages attached

5

Subscribed and sworn to before me this

day of

, 2004

(Notary Public Signature)

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	11,399,907		40,195	11,359,712
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employee Health Benefits Plan .....	1,255,774		5,471	1,250,303
6.	Title XVIII - Medicare .....				
7.	Title XIX - Medicaid .....	102,623,039		376,468	102,246,571
8.	Stop loss .....				
9.	Disability income .....				
10.	Long-term care .....				
11.	Other health .....				
12.	Health subtotal (Lines 1 through 11) .....	115,278,720		422,134	114,856,586
13.	Life .....				
14.	Property/casualty .....				
15.	TOTALS (Lines 12 to 14) .....	115,278,720		422,134	114,856,586

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct .....	88,173,612	6,782,116				729,381		80,662,115					
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....	17,252							17,252					
	1.4 Net .....	88,156,360	6,782,116				729,381		80,644,863					
2.	Paid medical incentive pools and bonuses .....	438,864	39,498				4,389		394,977					
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct .....	22,307,750	2,130,775				223,078		19,953,897					
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	22,307,750	2,130,775				223,078		19,953,897					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct .....													
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....													
5.	Accrued medical incentive pools and bonuses, current year .....	597,649	59,765				5,976		531,908					
6.	Amounts recoverable from reinsurers December 31, current year .....													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct .....	19,877,972	1,590,237				198,780		18,088,955					
	7.2 Reinsurance assumed .....													
	7.3 Reinsurance ceded .....													
	7.4 Net .....	19,877,972	1,590,237				198,780		18,088,955					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct .....													
	8.2 Reinsurance assumed .....													
	8.3 Reinsurance ceded .....													
	8.4 Net .....													
9.	Accrued medical incentive pools and bonuses, prior year .....	477,631	38,211				4,776		434,644					
10.	Amounts recoverable from reinsurers December 31, prior year .....	28,341							28,341					
11.	Incurred benefits:													
	11.1 Direct .....	90,603,390	7,322,654				753,679		82,527,057					
	11.2 Reinsurance assumed .....													
	11.3 Reinsurance ceded .....	(11,089)							(11,089)					
	11.4 Net .....	90,614,479	7,322,654				753,679		82,538,146					
12.	Incurred medical incentive pools and bonuses .....	558,882	61,052				5,589		492,241					

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building) .....		301,000		301,000
2. Salaries, wages and other benefits .....	318,230	6,916,573		7,234,803
3. Commissions (less \$..... ceded plus \$..... assumed) ...		141,652		141,652
4. Legal fees and expenses .....		1,257,559		1,257,559
5. Certifications and accreditation fees .....		314,390		314,390
6. Auditing, actuarial and other consulting services .....		471,585		471,585
7. Traveling expenses .....		471,585		471,585
8. Marketing and advertising .....		1,571,949		1,571,949
9. Postage, express and telephone .....		943,169		943,169
10. Printing and office supplies .....		314,390		314,390
11. Occupancy, depreciation and amortization .....		956,559		956,559
12. Equipment .....		157,195		157,195
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....				
15. Boards, bureaus and association fees .....		157,195		157,195
16. Insurance, except on real estate .....		628,779		628,779
17. Collection and bank service charges .....		157,195		157,195
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....				
23.4 Payroll taxes .....		314,390		314,390
23.5 Other (excluding federal income and real estate taxes) .....				
24. Investment expenses not included elsewhere .....				
25. Aggregate write-ins for expenses .....		785,974		785,974
26. Total expenses incurred (Lines 1 to 25) .....	318,230	15,861,139		(a) ... 16,179,369
27. Less expenses unpaid December 31, current year .....				
28. Add expenses unpaid December 31, prior year .....				
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	318,230	15,861,139		16,179,369
<b>DETAILS OF WRITE-INS</b>				
2501. Office Supplies .....		785,974		785,974
2502 .....				
2503 .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....		785,974		785,974

(a) Includes management fees of \$..... to affiliates and \$.....15,472,644 to non-affiliates.